

AMENDED IN ASSEMBLY APRIL 7, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1627

**Introduced by Assembly Member Frommer
(Coauthor: Assembly Member Matthews)**

February 21, 2003

An act to add Article 11 (commencing with Section 1339.50) to Chapter 2 of Division 2 of the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1627, as amended, Frommer. ~~Health Facility Payers'~~ *Payers'* Bill of Rights.

Under existing law, the State Department of Health Services regulates the licensure and operation of health facilities, *including hospitals*. Under existing law, violation of these provisions, or any rule or regulation adopted thereunder, constitutes a misdemeanor.

This bill would establish the ~~Health Facility Payers'~~ *Payers'* Bill of Rights, which would prohibit a ~~health facility~~ *hospital, as defined*, from making a material change in a charge description master more than once in a calendar year, except as specified. The bill would define charge description master and material change for these purposes.

This bill would require a ~~health facility~~ *hospital* that uses a charge description master to provide a written *or electronic* copy, free of charge, to any person upon request, and to take other specified actions. *This bill would also require a hospital to post a notice, as specified, that informs patients that the hospital's charge description master is available upon request.* The bill would prohibit a ~~health facility~~

hospital from conditioning acceptance of a contract with a health care service plan or health insurer on waiving any provision of the bill.

This bill would authorize the department to suspend or revoke a license or special permit, or impose a specified fine, for a violation of the bill. The bill would authorize any person to file a claim with the department alleging violation of the bill.

This bill would also require that each hospital file a copy of its charge description master annually with the Office of Statewide Health Planning and Development.

This bill would require the department, commencing in 2005, to annually report to the Legislature and the Governor specified information relating to violations of the bill, and would require these reports to be available to the public upon request, free of charge.

By imposing new requirements on ~~health facilities~~ hospitals, this bill would create new crimes, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 11 (commencing with Section 1339.50)
2 is added to Chapter 2 of Division 2 of the Health and Safety Code,
3 to read:

4

5 Article 11. ~~Health Facility Payors~~² Payers' Bill of Rights

6

7 1339.50. This article shall be known and may be cited as the
8 ~~Health Facility Payors~~² Payers' Bill of Rights.

9 1339.51. (a) A ~~health facility~~ shall hospital, as defined in
10 subdivision (a), (b), or (f) of Section 1250, may not make material
11 change in a charge description master more than once in a calendar
12 year. On or before July 1, 2004, a ~~health facility~~ hospital shall
13 identify the anniversary date it will use and, no later than 30 days



1 thereafter, shall provide written notice of that date to the
2 department and any health care service plan or health insurer with
3 which it has a contract in force on that date of the anniversary date
4 it has selected.

5 (b) Notwithstanding subdivision (a), a charge description
6 master may be updated to reflect the addition of new technologies
7 and services available at the ~~health facility~~ hospital.

8 (c) Any ~~health facility~~ hospital that uses a charge description
9 master shall provide a written *or electronic* copy free of charge to
10 any person upon request, segregated by types of services provided.
11 The ~~health facility~~ hospital shall also identify the anniversary date
12 determined pursuant to this section. If the ~~health facility~~ hospital
13 has an Internet Web site on which it posts its charge description
14 masters, it may comply with this section by providing the requester
15 with the Internet Web site address. This posting shall be in a format
16 that can be downloaded.

17 (d) For purposes of this article:

18 (1) “Charge description master” means a uniform schedule of
19 charges represented by the ~~health facility~~ hospital as its gross
20 billed charge for a given service or item, regardless of ~~payer~~ payer
21 type.

22 (2) A “material change” means a change in any provision of
23 a charge description master that a reasonable person would
24 consider to result in more than ~~an~~ a trivial increase in costs to
25 ~~payors~~ payers.

26 (e) *The hospital shall post a clear and conspicuous notice in its
27 emergency department, if any, in its admissions office, and in its
28 billing office that informs patients that the hospital’s charge
29 description master is available upon request.*

30 1339.52. A ~~health facility~~ hospital may not condition
31 acceptance of a contract with a health care service plan or health
32 insurer upon the health care service plan or health insurer waiving
33 any provision of this article.

34 1339.53. (a) The department may suspend or revoke any
35 license or special permit issued under this chapter for a violation
36 of any provision of this article, pursuant to the provisions of
37 Article 5 (commencing with Section 1294). In lieu of suspension
38 or revocation the department may fine the ~~health facility~~ hospital
39 up to five thousand dollars (\$5,000) per violation.

(b) Actions taken by the department pursuant to this section shall not preclude any other remedy by a health care service plan, health insurer, or other party that is available under contract or any other provision of law.

1339.54. Any person may file a claim with the department alleging a violation of this article. The department shall investigate and inform the complaining person of its determination whether a violation has occurred and what action it will take.

1339.55. *Each hospital shall file a copy of its charge description master annually with the Office of Statewide Health Planning and Development, in a format determined by the office.*

1339.56. (a) Commencing in 2005, on or before March 1 of each year, the department shall issue a report to the Legislature and the Governor that includes all of the following:

(1) The number of investigations it has conducted for alleged violations of this article.

(2) The number of violations the department has determined have occurred.

(3) The name of each ~~health facility~~ *hospital* that has violated this article and the actions it has taken against these ~~facilities~~ *hospitals*.

(b) Reports prepared pursuant to this section shall be made available to the public upon request free of charge.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.